February 7, 2017

Mr. Robert Nelson, Assistant Director of Administration
California Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA  95758

Dear Mr. Nelson:

Final Report—California Department of Public Health, Traffic Safety Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the California Department of Public Health’s (CDPH) grants OP1315 and PS1307, issued by the California Office of Traffic Safety.

The enclosed report is for your information and use. The draft report was issued December 9, 2016, and CDPH’s response to the draft report required further analysis. As a result of our analysis, one of the findings identified in the draft report was removed. This report will be placed on our website.

We appreciate the assistance and cooperation of CDPH. If you have any questions regarding this report, please contact Zachary Stacy, Manager, or Alexis Calleance, Supervisor, at (916) 322-2985.

Sincerely,

Jennifer Whitaker, Chief
Office of State Audits and Evaluations

Enclosure

cc:  Ms. Karen Coyle, Assistant Director of Operations, California Office of Traffic Safety
     Ms. Trina Nguyen, Associate Accounting Analyst, California Office of Traffic Safety
     Ms. Donna Black, Operations Coordinator, California Office of Traffic Safety
     Mr. Mark Talan, Operations Coordinator, California Office of Traffic Safety
     Mr. Brandon Nunes, Chief Deputy Director of Operations, California Department of Public Health
     Ms. Claudia Crist, RN, FACHE, Chief Deputy Director of Policy and Programs, California Department of Public Health
     Mr. Mark Starr, DVM, MPVM, DACVPM, Acting Deputy Director, Center for Chronic Disease Prevention and Health Promotion, California Department of Public Health
     Ms. Caroline Peck, MD, MPH, FACOG, Division Chief, Division of Chronic Disease and Injury Control, California Department of Public Health
     Ms. Stacy Alamo Mixson, MPH, Chief, Safe and Active Communities Branch, California Department of Public Health
     Ms. Monica Vazquez, Chief, Office of Compliance, California Department of Public Health
AUDIT REPORT

California Department of Public Health
Vehicle Occupant Safety Program and California Pedestrian Safety Program
Grant Agreements OP1315 and PS1307

Prepared By:
Office of State Audits and Evaluations
Department of Finance

November 2016
MEMBERS OF THE TEAM

Managers
Frances Parmeelee, CPA
Zachary Stacy

Supervisor
Alexis Calleance

Staff
Vanessa Rios

Final reports are available on our website at http://www.dof.ca.gov

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985
BACKGROUND

The California Office of Traffic Safety’s (OTS) mission is to effectively and efficiently administer traffic safety grant funds to reduce traffic deaths, injuries, and economic loss. OTS implements its mission by awarding grants to local and state public agencies from several federal funding sources. The ten priority areas of concentration for grant funding include the following: Alcohol-Impaired Driving, Distracted Driving, Drug-Impaired Driving, Occupant Protection, Pedestrian and Bicycle Safety, Traffic Records, Emergency Medical Services, Roadway Safety, Police Traffic Services, and Motorcycle Safety.¹

The California Department of Public Health (CDPH) received $500,000 in grant funding from OTS to reduce the number of pedestrian injuries and fatalities throughout the state through local jurisdictional trainings and the “It’s Up to All of Us” campaign. Additionally, CDPH received $254,237 from OTS to prevent injuries and deaths to infants and toddlers in California. This is achieved by Child Passenger Safety program development, education through teleconferences, webinars, safety technician certification courses, and through promotion of the new California booster seat law.²

SCOPE

In accordance with an interagency agreement, the California Department of Finance (Finance), Office of State Audits and Evaluations, audited grant agreements OP1315 and PS1307 for the period October 1, 2012 through September 30, 2013.

The audit objectives were to determine whether CDPH’s grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and whether the grant accomplishments were accurately reported in the Final Quarterly Performance Report (QPR). We did not assess the efficiency or effectiveness of program operations.

CDPH’s management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. OTS is responsible for the state-level administration of the grant program.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and whether the grant accomplishments were accurately reported in the Final QPR, we performed the following procedures:

- Examined the grant files, the grant agreements, and applicable policies and procedures.

¹ Excerpts from www.OTS.ca.gov.
² Excerpts from OTS Grant Agreements OP1315 and PS1307.
Reviewed CDPH’s accounting records, claim invoices, and personnel documents.

Reviewed subcontractor vendor invoices and summary activity reports.

Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded. For expenditures identified as double-billed, reported the amounts as questioned costs in the Results section.

 Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.

Evaluated whether a sample of grant accomplishments were accurately reported in the Final QPR by reviewing training/meeting agendas, course rosters, event photos, newspaper clippings, posters, social media postings, and mini grant summary reports.

In conducting our audit, we obtained an understanding of CDPH’s internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the audit and determined to be significant within the context of our audit objectives are included in this report.

Except as discussed in the following paragraph, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finance and CDPH are both part of the State of California’s Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. Under generally accepted government auditing standards, performance of these activities creates an organizational impairment with respect to independence. However, Finance has developed and implemented sufficient safeguards to mitigate the organizational impairment so reliance can be placed on the work performed.
Except as noted in Finding 1, the grant expenditures claimed complied with the grant agreements’ requirements. The Schedule of Claimed and Questioned Amounts is presented below.

### Schedule of Claimed and Questioned Amounts

**Grant Agreement OP1315**

<table>
<thead>
<tr>
<th>Category</th>
<th>Claimed¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$147,182</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>3,709</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>45,966</td>
</tr>
<tr>
<td>Equipment</td>
<td>0</td>
</tr>
<tr>
<td>Other Direct Costs</td>
<td>45,817</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>22,078</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$264,752</strong></td>
</tr>
</tbody>
</table>

**Grant Agreement PS1307**

<table>
<thead>
<tr>
<th>Category</th>
<th>Claimed²</th>
<th>Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$99,172</td>
<td></td>
</tr>
<tr>
<td>Travel Expense</td>
<td>5,467</td>
<td></td>
</tr>
<tr>
<td>Contractual Services</td>
<td>210,758</td>
<td>$322</td>
</tr>
<tr>
<td>Equipment</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Other Direct Costs</td>
<td>48,036</td>
<td></td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>14,876</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$378,309</strong></td>
<td><strong>$322</strong></td>
</tr>
</tbody>
</table>

As detailed in Finding 2, the grant accomplishments were not accurately reported in the Final QPR for grant OP1315. We selected 5 of 17 grant objectives to verify reporting accuracy. We noted inaccuracies or unsupported objective results in all 5 of the grant objectives reviewed. For grant PS1307, the grant accomplishments were found to be accurately reported.

**Finding 1: Unallowable Contractual Services Costs**

CDPH inadvertently paid the same subcontractor invoice twice and overbilled OTS by the amount of $322 for grant PS1307. OTS Grant Program Manual, Chapter 4, section 4.4.3 requires subcontractor payments to be supported by itemized invoices and made in accordance with the terms of the agreement.

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¹ OTS awarded $254,237 and CDPH claimed $264,752. OTS reduced the claimed reimbursement by $21,596 and paid a total of $243,156 to CDPH.
² OTS awarded $500,000 and CDPH claimed $378,309.
Recommendations:

A. Remit $322 to OTS.

B. Ensure subcontractor invoices are reviewed for duplicate billings.

Finding 2: Final Quarterly Performance Report is Not Accurate and Supported

For grant OP1315’s Final QPR, CDPH did not accurately report grant accomplishments or the reported accomplishments were unsupported for all five of the grant objectives reviewed. Specifically:

- Objectives 12 and 13: CDPH met the grant objective by conducting 6 teleconferences and 4 Network Teleconference/Webinars; however, CDPH did not provide documentation to support the number of participants.

- Objective 15: CDPH reported 196 individuals were trained as new Child Passenger Safety (CPS) technicians by attending 1 of 13 CPS Technician certification courses. However, class rosters support 208 individuals were trained as new technicians.

- Objective 16: CDPH reported 256 individuals were trained as CPS technicians by attending 1 of 14 facilitated CPS Technician training or continuing education opportunities. However, class rosters only support 223 individuals were trained.

- Objective 17: CDPH reported 5 individuals were trained or recertified as CPS instructors. However, CDPH did not provide supporting documentation for 3 of the 5 individuals.

Grant Agreement OP1315, Schedule A requires CDPH to collect and report appropriate data that supports the progress of each goal and objective. Accuracy in reporting will assist OTS in determining whether the goals and objectives of the grant were achieved.

Recommendations:

A. Ensure adequate supporting documentation is maintained to support reported grant accomplishments.

B. Improve communication among subcontractor staff to ensure grant accomplishments are reported accurately.
December 23, 2016

Ms. Jennifer Whitaker, Chief
Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814-3706

Dear Ms. Whitaker:

RESPONSE TO CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, TRAFFIC SAFETY GRANT AUDIT

The California Department of Public Health (CDPH) has reviewed the draft report prepared by your office following the completion of the Traffic Safety Grant Audit. The audit was conducted on CDPH’s Office of Traffic Safety (OTS) grants for its Vehicle Occupant Safety Program (OP1315) and its Pedestrian Safety Program (PS1307) for the period of October 1, 2012, through September 30, 2013. Responses to the findings are as follows:

Finding 1: Unallowable Fringe Benefit Costs – OP1315

CDPH claimed benefit costs over the maximum allowed as specified in Grant Agreement OP1315, Schedule B-1.

Response to Finding 1: When budgeting for staff benefits in grant applications, CDPH typically uses a standard rate approved for CDPH by the Department of Finance and based on an average of benefit costs for all employees in the Department. The standard rate in fiscal year 12-13 was 39.123 percent. Actual rates vary by employee based on the individual health plans selected, number of dependents covered, and eligibility for other benefits (medical/child care accounts) as allowed by bargaining units. Based on previous actual costs for the grant-funded staff, a benefit rate of 47.89 percent was used for the Health Education Consultant III position and 65.11 percent for the Office Technician position. Individual Programs have no control over the actual costs charged and actual expenditures did exceed the amount budgeted.
In accordance with OTS grant policies, formal budget revisions were not required when making line item shifts within budget categories. Staff salaries and benefits are included in the single “Personnel” category. Sufficient savings in salaries were available to cover the excess in benefits due to the furloughs that were in place during this budget period. In addition, CDPH had guidance from its OTS project officer following a phone conversation on October 7, 2013, stating, “As per our phone conversation, no need to do a formal revision on the grant at this time. Just claim your actual expenses in the proper line items on the final claim. Once the claim has been submitted, we’ll get manager’s approval (instead of the revision) to move funds from line items that were under-spent to cover the line items that were over-spent.” However, when the final claim was submitted as requested on October 30, 2013, OTS only disallowed the costs in aggregate that exceeded the budget total for fringe benefits. Expenditures had not been limited to the percentage rate listed in the budget and reimbursement of $1,796 had been approved in claims submitted prior to the final claim.

The audit recommendation was to remit $1,796 to OTS. CDPH respectfully requests that this recommendation be waived in view of the guidance provided and the fact that OTS did approve the reimbursement of this amount.

Finding 2: Unallowable Contractual Services Costs

CDPH inadvertently paid the same subcontractor invoice twice and overbilled OTS by the amount of $322 for grant PS1307.

Response to Finding 2: Upon review of the subcontractor invoices in question, it was determined that there was an overbilled amount of $322. The subcontractor has already been notified and has remitted a check to CDPH in the amount of $322. This amount will be refunded to OTS.

Finding 3: Final Quarterly Performance Report is Not Accurate and Supported

For grant OP1315’s Final QPR, CDPH did not accurately report grant accomplishments or the reported accomplishments were unsupported for all five of the grant objectives reviewed. Specifically:

- Objectives 12 and 13: CDPH met the grant objective by conducting 6 teleconferences and 4 Network Teleconference/Webinars; however, CDPH did not provide documentation to support the number of participants.
Response: During this grant period, tabulation of attendees was recorded by hand at the time of the webinar. CDPH is no longer using the same webinar application and cannot reprint verification of attendees. The attendees were counted at the time and recorded. The current procedure is to print out a copy of the webinar enrollees and the attendees who have logged onto the webinar.

- Objective 15: CDPH reported 196 individuals were trained as new Child Passenger Safety (CPS) technicians by attending 1 of 13 CPS Technician certification courses. However, class rosters support 208 individuals were trained as new technicians.

Response: The procedure during this grant period was to follow up with the instructors to record the total number of participants and trained individuals from the certification courses. This follow up often occurred over the telephone. Verification will now be accomplished with emailed or other written confirmation from the lead instructor and maintenance of a master Excel spreadsheet to record trained individuals.

- Objective 16: CDPH reported 256 individuals were trained as CPS technicians by attending 1 of 14 facilitated CPS Technician training or continuing education opportunities. However, class rosters only support 223 individuals were trained.

Response: The procedure during this grant period was to follow up with the instructors to record the total number of participants and trained individuals from the certification courses. This follow up often occurred over the telephone. Verification will now be accomplished with emailed or other written confirmation from the lead instructor and maintenance of a master Excel spreadsheet to record trained individuals.

- Objective 17: CDPH reported 5 individuals were trained or recertified as CPS instructors. However, CDPH did not provide supporting documentation for 3 of the 5 individuals.

Response: The procedure during this grant period was to obtain verbal verification of the teaching hours for the CPS instructors. Verification will now be accomplished with emailed or other written confirmation from the lead instructor and maintenance of a master Excel spreadsheet to record certified instructors.

CDPH is dedicated to protecting the health and safety of its youngest child passengers and will make every effort to maintain the records necessary to show that its CPS
technician training program is operating efficiently and effectively and in accordance with the requirements of the OTS grant.

Thank you for the opportunity to review and respond to the audit findings. If you have any questions or need any further information, please contact Caroline Peck, MD, MPH, FACOG, Division Chief, Division of Chronic Disease and Injury Control, at 916-449-5700 or via email at caroline.peck@cdph.ca.gov.

Sincerely,

Original Signed by

Karen L. Smith, MD, MPH
Director and State Public Health Officer

cc: Mr. Robert Nelson, Assistant Director of Administration, California Office of Traffic Safety
    Ms. Karen Coyle, Assistant Director of Operations, California Office of Traffic Safety
    Ms. Trina Nguyen, Associate Accounting Analyst, California Office of Traffic Safety
    Ms. Donna Black, Operations Coordinator, California Office of Traffic Safety
    Mr. Mark Talan, Operations Coordinator, California Office of Traffic Safety
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    Ms. Claudia Crist, RN, FACHE, Chief Deputy Director of Policy and Programs, California Department of Public Health
    Mr. Mark Starr, DVM, MPVM, DACVPM, Acting Deputy Director, Center for Chronic Disease Prevention and Health Promotion, California Department of Public Health
    Ms. Caroline Peck, MD, MPH, FACOG, Division Chief, Division of Chronic Disease and Injury Control, California Department of Public Health
    Ms. Stacy Alamo Mixson, MPH, Chief, Safe and Active Communities Branch, California Department of Public Health
    Ms. Monica Vazquez, Chief, Office of Compliance, California Department of Public Health
EVALUATION OF RESPONSE

CDPH's response to the draft audit report has been reviewed and incorporated into the final report.

CDPH provided additional information in response to Finding 1: Unallowable Fringe Benefit Costs – OP1315 of the draft audit report. Specifically, CDPH disagrees the fringe benefit costs paid by OTS were unallowable. CDPH referenced the OTS Grant Program Manual and provided an email from the OTS project officer stating a formal revision was not required to redistribute costs between line items within a cost category. We concur with CDPH's position. Therefore, the audit finding has been removed.

In regards to Finding 2: Unallowable Contractual Services Costs and Finding 3: Final Quarterly Performance Report is Not Accurate and Supported of the draft audit report, CDPH agreed with our findings. We appreciate the corrective actions already taken as described in CDPH’s response.

The findings identified in the final audit report were renumbered to reflect the removal of Finding 1: Unallowable Fringe Benefit Costs - OP1315 of the draft audit report.